

Final Report

Fairfield Train Station Specific Plan Financing Plan

The Economics of Land Use



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City of Fairfield

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EXECUTIVE SUMMARY

1. A Unique New Community Will Be Created.

The Fairfield Train Station Specific Plan (FTSSP) will create a unique new neighborhood in the City of Fairfield, located on an approximately 3,000-acre portion of Northeastern Fairfield currently devoted to extensive agricultural (grazing) uses and limited industrial development. The area has long been planned for development in the Fairfield General Plan. The Train Station area will be a master-planned community containing clustered development areas ultimately planned to accommodate up to 6,800 housing units, a 30-acre neighborhood commercial core surrounding the proposed train station, a business park, parks, trails, and recreation facilities. Over 50 percent of the Train Station area will remain in open space uses. Such a project has the potential for drawing new residents from the Bay Area Region and beyond, who are attracted to high-amenity residential neighborhoods, recreational amenities, and transit access to more central portions of the Bay Area and the Sacramento Metropolitan Region. Full development of FTSSP is likely to require 20 years or more.

2. A Comprehensive Program of Urban Infrastructure and Municipal Services Will Be Needed.

Development of the FTSSP area will require construction and operation of largely new municipal infrastructure including road improvements, parks and open spaces, drainage facilities, civic facilities, and water and sewer utilities. These facilities and infrastructure are estimated to cost nearly \$390 million for the whole project. The new infrastructure and facilities will require ongoing operations and maintenance as a part of providing the full range of the City's municipal services.

3. The Financing Plan Includes Financing Mechanisms Common for Master-Planned Communities.

The Financing Plan incorporates a range of existing City and other agency development impact fee programs and recommends creation a local Northeast Area Development Impact Fee program and a Mello-Roos Community Facilities District (CFD) for funding infrastructure. Regional and State funding is anticipated for major roadway projects and as an offset to school construction costs. Because of the imbalance of the funding requirements and the initial financial capacity of the existing and proposed development impact fee programs and the CFD, substantial developer equity will be required, especially at the inception of development activity. These private financial commitments will be compensated through a range of credit and reimbursement programs that apply public funding sources as they are generated by actual development activity. Accordingly, it is necessary that adopted financing mechanisms and strategies are flexible and effective across a range of development outcomes, minimizing cost risks to the City and achieving economically feasible development over time. Similar to other large-scale master-planned communities, it is expected that a master homeowners association will be created to provide a range of special services and facilities to local residents in addition to the use of services CFDs and a Landscaping and Lighting Maintenance District (LLMD).

4. *Concerted Implementation Will Be Required.*

Implementation of the FTSSP Financing Plan will involve a continuing collaboration of the City and other existing service providers, the developers involved with the FTSSP, and subsequent builders. Initially, following project approvals, there will be the need to secure annexation of the Train Station Area into the City. Concurrently, a range of implementing actions will be required including creation and adoption of the proposed Northeast Area Development Impact Fee, annexation of the area into existing or planned CFDs that support municipal services, and completion of more detailed facilities plans and related cost estimates, etc. These institutional steps set the stage for the processing of subdivision maps that contain the complete range of conditions needed to assure adequate backbone as well as subdivision-level improvements in the Train Station area.

5. *Financial Considerations Will Influence the Timing of Development.*

Current economic conditions, including a weak housing market and a difficult credit environment, may, for reasons of financial feasibility, defer development of the Train Station area until the economy and real estate market improve. As there will always be competing demands for investment capital along with a range of uncertainties (e.g., actual cost of facilities, availability of outside funding, evolving real estate market characteristics), it will be necessary to establish a sound financing framework, monitor conditions, and provide flexibility going forward, balancing economic realities with public policy objectives.

1. PROJECT DESCRIPTION

Train Station Specific Plan Overview

The Fairfield Train Station Specific Plan (FTSSP) establishes a new land use policy framework for development in northeastern Fairfield, being consistent with the City's General Plan and taking advantage of a new train station proposed along the main Union Pacific rail line (used by Amtrak and the Capitol Corridor system).¹ The FTSSP includes the following features:

- Up to 6,800 dwelling units of a variety of densities, styles, and pricing.
- Location of at least 3,000 dwelling units within a half-mile radius of the train station.
- A Transit-Oriented Town Center planned as a walkable mixed-use hub of social, entertainment, shopping, and business activity next to the proposed Fairfield/Vacaville commuter Train Station.
- Residential neighborhoods planned for a wide variety of housing sizes and price points as well as a mix of neighborhood designs.
- A mixed-use district surrounding an 11-acre lake.
- New stores and businesses on up to 30 commercial acres.
- A manufacturing and industrial business park located and designed to avoid ecological and wetland impacts.
- 154 acres of developed parks.
- 1,531 acres of conserved open space.

The FTSSP area is located west of North Gate Road, south of the City of Vacaville's city limits, and northwest of Travis Air Force Base (AFB). The FTSSP encompasses 2,972 acres of land, with the largest proportions of land committed to open space (52 percent), residential land uses (17 percent), and industrial uses (10 percent). Surrounding land uses include primarily built-out urbanized development, open spaces, and agricultural uses. Although the FTSSP area is within Fairfield's Sphere of Influence (SOI) and General Plan voter-approved Urban Limit Line, developing portions of the area will require annexation to the City. **Figure 1** shows the regional location of the FTSSP.²

¹ The Capitol Corridor passenger train system is operated by the Capitol Corridor Joint Powers Authority (CCJPA), a partnership among the six local transit agencies in the eight-county service area which shares the administration and management of the Capitol Corridor. The San Francisco Bay Area Rapid Transit District (BART) provides day-to-day management support to the CCJPA.

² Figures and tables are located at the end of this chapter.

The FTSSP area occupies a significant portion of Northeast Fairfield, though significant other development has also been planned for Northeast Fairfield, with overlapping improvement requirements and financing programs. **Figure 2** shows the FTSSP's location and overlap with the area covered by the Villages at Fairfield Development Agreement (VAFDA) and the existing Northeast Area Development Fee.

At the present time, the FTSSP area contains a range of rural and urban land uses. The northern portion of the site is agricultural and used for cattle grazing. The southern portion is within the Travis Reserve (a protected area surrounding Travis AFB). A small number of rural residential homes are also located in the southern portion. Southwestern portions of the FTSSP are developed with industrial uses. The southeastern portion is developed with approximately 300 dwelling units formally associated with Travis AFB. The North Bay Regional Water Treatment Plant (NBRWTP) and some recently constructed single-family housing units are located in the western portion.

FTSSP Allowed Uses by Planning Area

Based on the collaborative planning effort involving City staff, Canon Station LLC, and other local property owners, the FTSSP area has been subdivided into ten Planning Areas (geographic subareas). **Figure 3** shows the proposed land use plan of the FTSSP area, and **Figure 4** illustrates the location of the Planning Areas. These Planning Areas are briefly described below.³

- **Planning Area 1 (PA1)** is a district that transitions from higher density across from the Town Center on the east to mid and lower density as distance from the Town Center increases. The immediate adjacency to the Town Center and Train Station provides this planning area with a high level of access to transit and community services.
- **Planning Area 2 (PA2)** is the Town Center, envisioned as the community's "downtown." Located adjacent to the Train Station, PA2 is planned as an active, walkable, transit-oriented development with a mix of retail, commercial, and residential uses.
- **Planning Area 3 (PA3)** will include up to a total of 896 dwelling units of medium- and high-density residential consistent with a transit-oriented development concept. Up to 28 units of low-density residential may be included for a total of up to 924 units in the Planning Area. A public neighborhood park serves as a community hub between the three residential neighborhoods.
- **Planning Area 4 (PA4)** is the Lake District. The Lake District includes three residential densities of low, medium and high for a total of 1,664 dwelling units, a 21-acre Lake Park, and neighborhood commercial, as well as Linear Park and open spaces.
- **Planning Area 5 (PA5)** primarily consists of low- and medium-density residential for a total of 1,477 dwelling units. PA5 residential development is proximate to the amenities provided in the Lake District, PA4.

³ See Chapter 4 of the February 2011 FTSSP Specific Plan for a detailed description of each Planning Area.

- **Planning Area 6 (PA 6)** is the employment hub for the FTSSP. PA6 is separated into two land areas, separated by conservation wetland and the New Canon Road alignment. PA6 is envisioned to include a rich mix of employers in commercial, industrial, and service retail developments.
- **Planning Area 7 (PA7)** is a 687-acre open space buffer and recreation area. It includes the citywide Linear Park, the proposed Great Park, and a potential water storage basin.
- **Planning Area 8 (PA8)** includes habitat conservation and a mitigation bank and open space trails for long-term land conservation.
- **Planning Area 9 (PA9)** denotes existing and proposed residential outside the development area but within the FTSSP boundary. PA9 has a total of 109 existing residential units. These units were privately developed for active duty military personnel. The lease has expired and the units are vacant. Any redevelopment of the site or change in use from the current military housing will require a Specific Plan amendment. Additionally, 155 new units at low density are planned.
- **Planning Area 10 (PA10)** includes the Train Station and the NBRWTP.

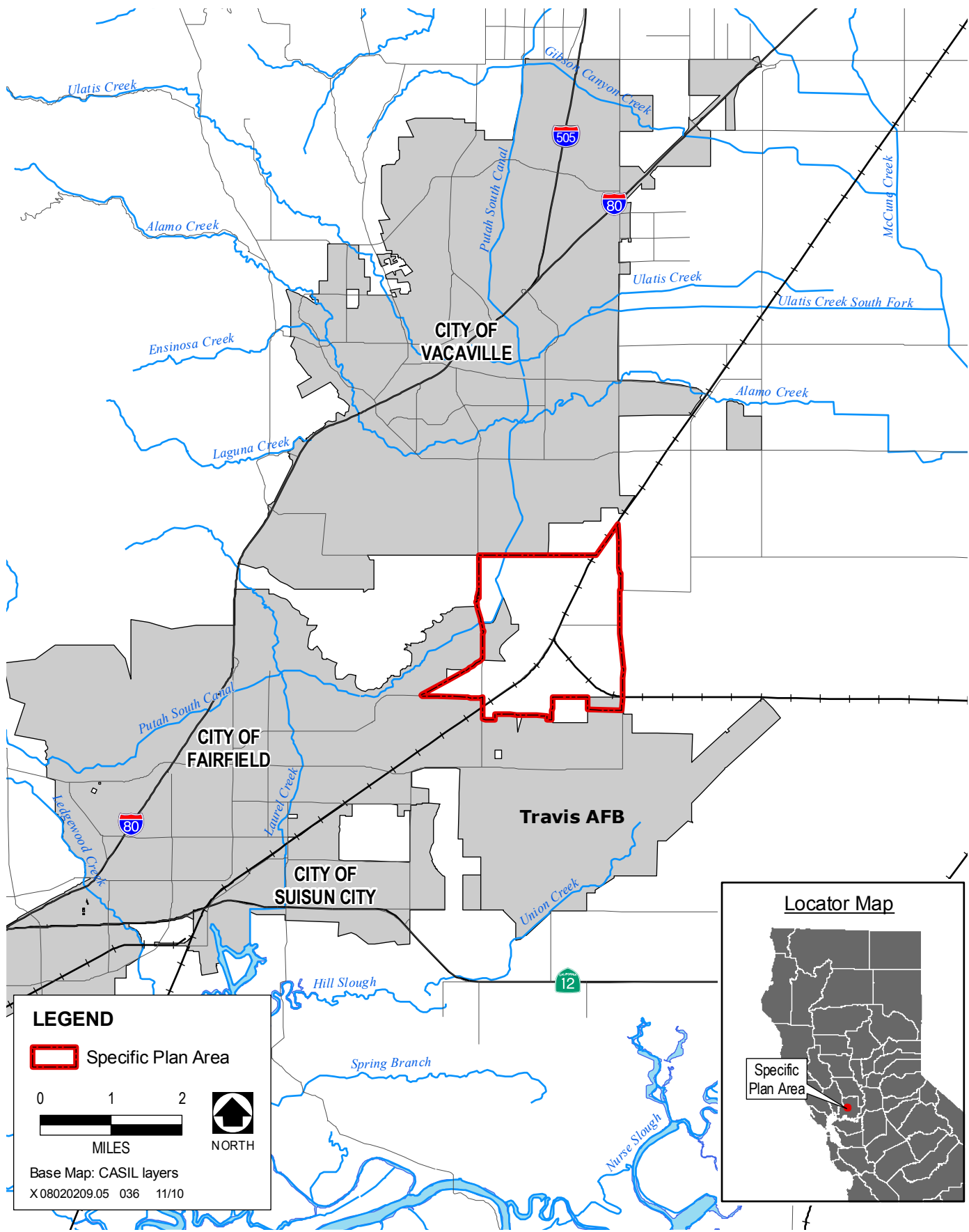
Reduced Development Summary

Although the public improvements required for the FTSSP area can accommodate the maximum allowable land uses, the FTSSP Financing Plan (Financing Plan) assumes a more conservative land use program—the reduced development program—to account for the possibility that the maximum allowable density may not be constructed, as is often the case. The reduced development program represents a conservative “best estimate” of potential development under the FTSSP. **Table 1** summarizes the FTSSP maximum allowable land uses as well as the reduced development program used in this Financing Plan.

The FTSSP is planned to be built out over an estimated period of 20-plus years in response to market demands and according to a local and orderly extension of roadways, infrastructure, public services and utilities. The buildout will occur in phases within the FTSSP geographic subareas sequentially and/or concurrently. Infrastructure, public facilities, and project amenities will be constructed in phases to serve the incremental development as it occurs, although certain major facilities (e.g., arterial roadway improvements) will be constructed in advance. Facilities provided for the benefit of the public, such as parks and trails, will be implemented in phases as appropriate and in correspondence with the pace of residential and other development.

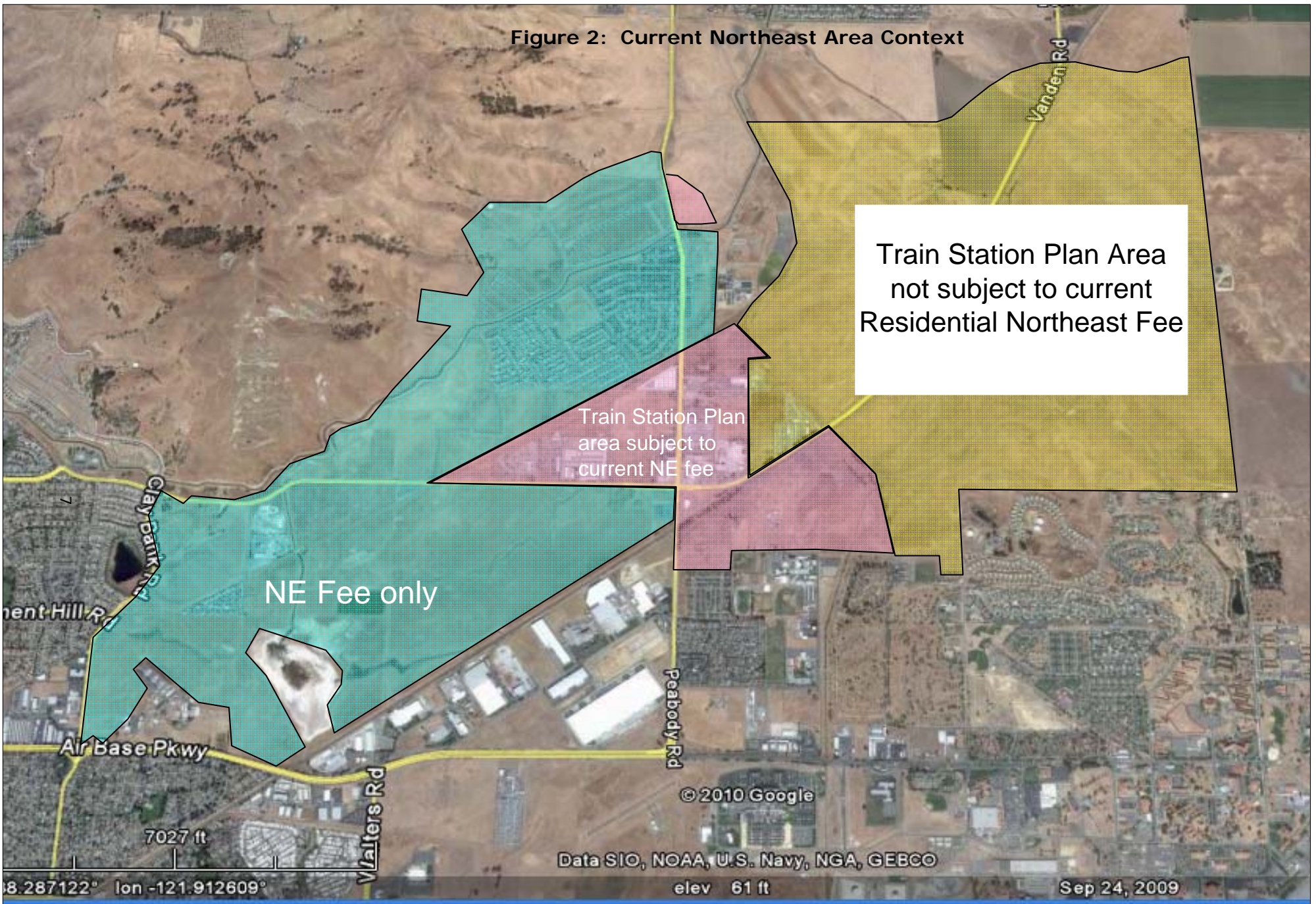
A single master developer, Canon Station LLC, owns or has a controlling interest in PA4, PA5, and PA6. Of all Planning Areas in the FTSSP, PA4 and PA5 will likely be developed first, while the timing of development in PA6 is uncertain given the planned industrial land use and current economic conditions (PA3 may develop concurrently with PA4 and PA5). PA1, PA2, and PA3 have multiple property owners and PA1 and PA2 are partially developed with existing industrial uses. PA1 and PA2, in particular, will likely require the City to take an active role to initiate new development. The timing of development in these Planning Areas is less certain but will likely follow development in PA4 and PA5 and precede development in PA6.

Figure 1: Regional Context



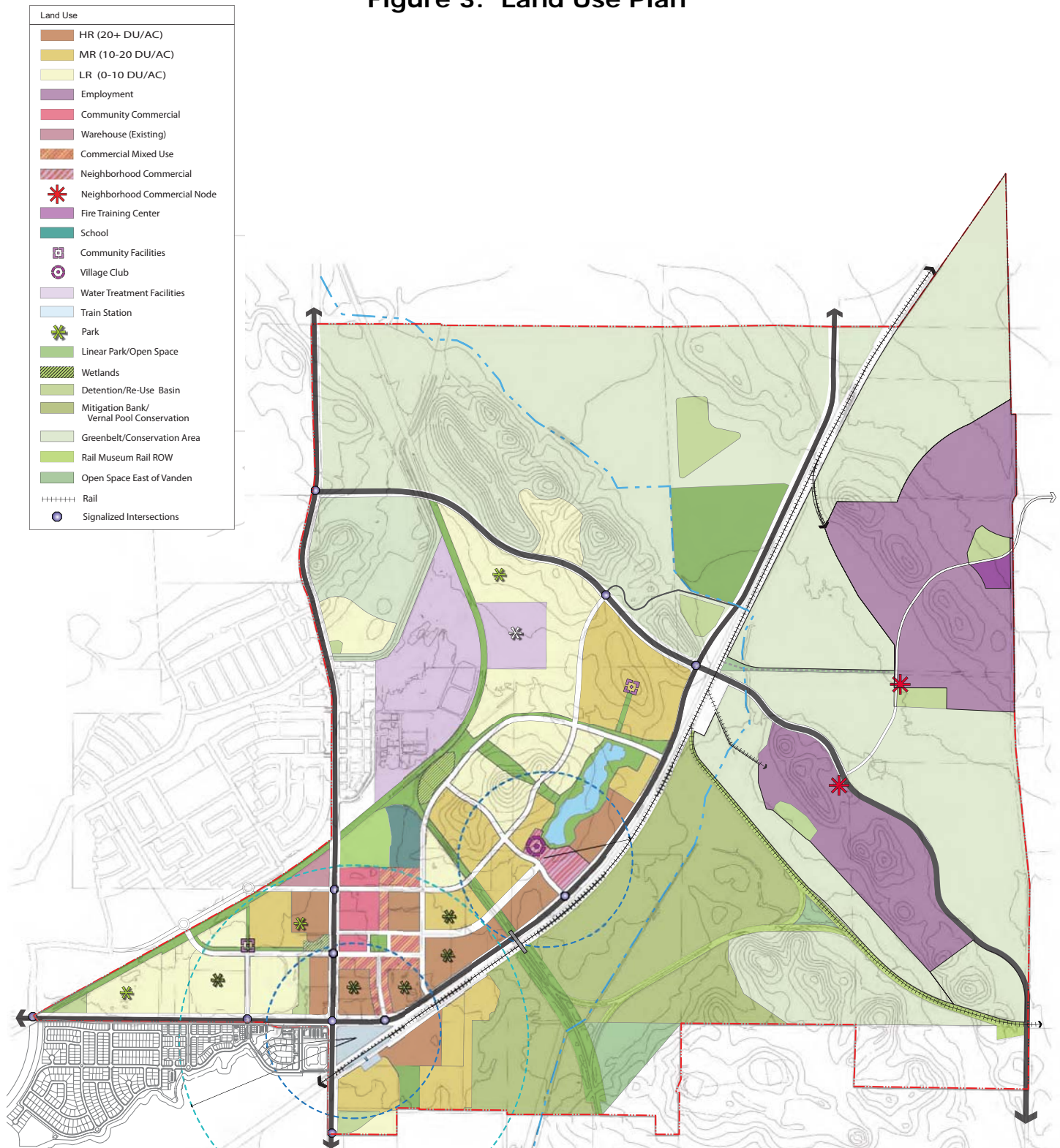
Source: AECOM

Figure 2: Current Northeast Area Context



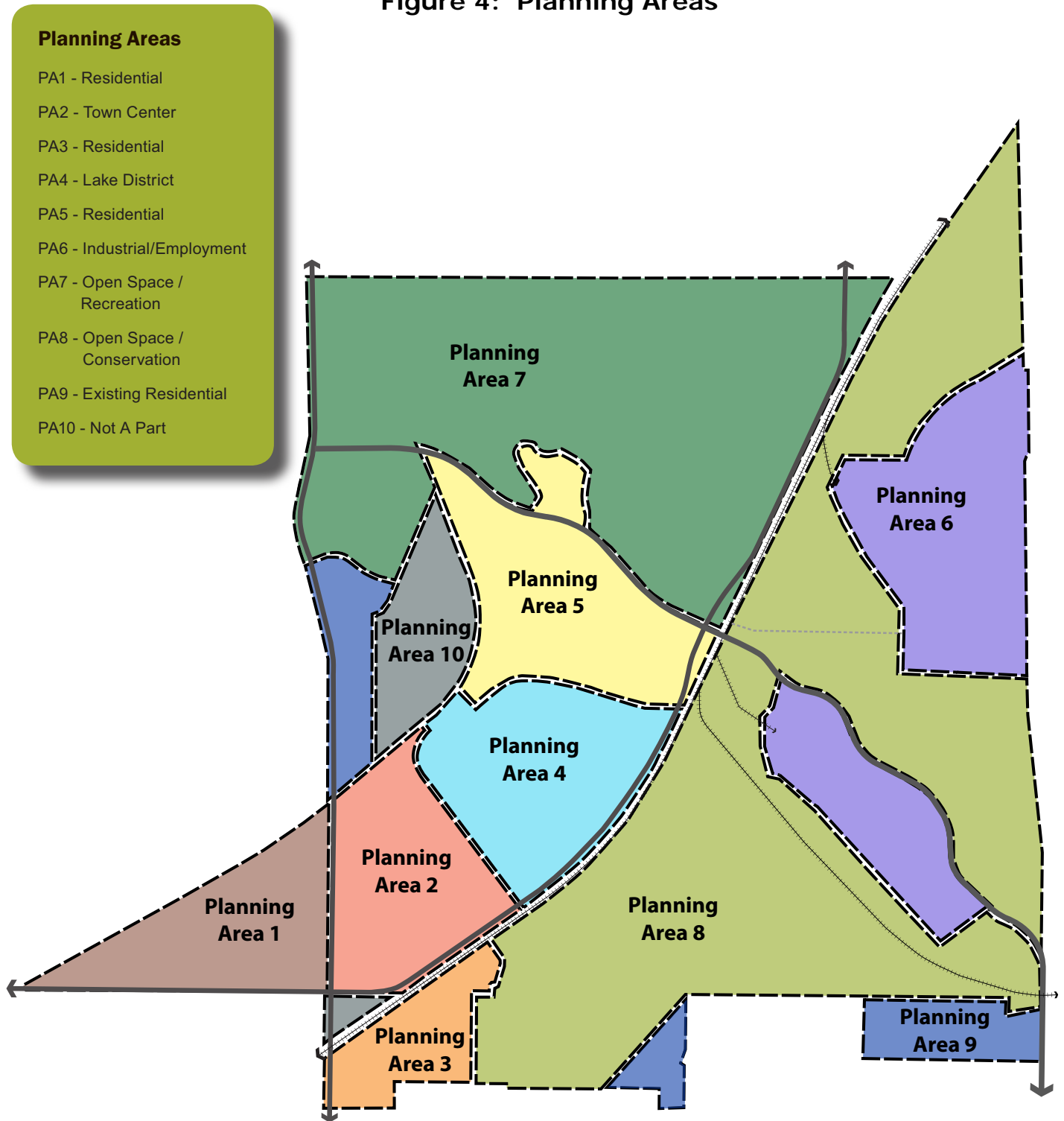
Source: City of Fairfield

Figure 3: Land Use Plan



Source: AECOM

Figure 4: Planning Areas



Source: AECOM

Table 1
Summary of Proposed Land Uses at FTSSP Buildout - Maximum and Reduced Scenarios
Fairfield Train Station Specific Plan; EPS# 20086

Land Use	Acres	Maximum Land Uses at Buildout Shown in Specific Plan [1]			Reduced Scenario at Buildout Used in Financing Plan [2]		
		Units	Sq. Ft.	Avg. Density	Units	Sq. Ft.	Avg. Density
Residential							
Single-Family Residential				<u>Units/Acre</u>			<u>Units/Acre</u>
Single-Family Low Density (RL)	12.0	64	-	5.3	64	-	5.3
Single-Family Low-Medium Density (RLM)	235.5	1,645	-	7.0	1,290	-	5.5
Single-Family Medium Density (RM)	161.0	2,254	-	14.0	1,932	-	12.0
Total Single-Family Residential	408.5	3,963	-	9.7	3,286	-	8.0
Multifamily Residential							
Multifamily High Density (RH)	91.0	2,429	-	26.7	2,289	-	25.2
Mixed-Use Commercial (RVH/CM) [3]	NA	364	-	NA	0	-	NA
Total Multifamily Residential	91.0	2,793	-	26.7	2,289	-	25.2
Total Residential	499.5	6,756	-	13.5	5,575	-	11.2
Nonresidential							
				<u>FAR</u>			<u>FAR</u>
Mixed-Use Commercial (CM) [3]	20.0	-	180,000	0.21	-	180,000	0.21
Community Commercial (CC)	17.0	-	127,000	0.17	-	127,000	0.17
Neighborhood Commercial (NC)	10.0	-	55,000	0.13	-	55,000	0.13
Limited Industrial/Employment	286.0	-	4,600,000	0.37	-	4,600,000	0.37
Total Nonresidential	333.0	-	4,962,000	-	-	4,962,000	-
Total Public/Quasi-Public							
Community Facilities/Public Utilities/Institutional [4]	122.0	-	-	-	-	-	-
Active Parks/Recreation	154.0	-	-	-	-	-	-
Passive Open Space/Conservation	1,531.0	-	-	-	-	-	-
Roads/Railroads	228.0	-	-	-	-	-	-
Train Station	7.0	-	-	-	-	-	-
Total Public/Quasi-Public	2,042.0	-	-	-	-	-	-
TOTAL PLANNED FTSSP DEVELOPMENT [5]	2,874.5	6,756	4,962,000	-	5,575	4,962,000	-

[1] Maximum land uses shown in Specific Plan and adjusted by the City of Fairfield as of June 1, 2011 (high development intensity scenario).

[2] Assumes a reduction in residential development as provided by the City of Fairfield as of June 1, 2011 (medium development intensity scenario).

[3] Includes residential units associated with the Mixed-Use Commercial (CM) land use; all acreage associated with the residential portion of CM is shown under the nonresidential category.

[4] Acreage includes a potential Fire Training Center.

[5] Total acreage differs from the Specific Plan by 97.5 acres for the following reasons: the Financing Plan excludes acreage associated with existing development; this Financing Plan includes 20 acres associated with low density units on the Vacaville Water Treatment Site that are excluded from the Specific Plan.

Source: AECOM, Fairfield Train Station Specific Plan, dated February 2011; City of Fairfield; EPS.

2. POLICY AND EXISTING FINANCING FRAMEWORK

This Financing Plan incorporates and creates an implementation framework for existing citywide financing policies and programs and the policies included in the FTSSP. As a major growth area for the City of Fairfield in the coming decades, it is essential that proper alignment be created between the various existing and new policies and programs. Parallel with development of the FTSSP, the City has proceeded with an update to its Citywide AB1600 Traffic Fee Program (Development Impact Fee) and also a reframing/geographical expansion of the existing Northeast Area Fee (currently implemented through the Villages at Fairfield Development Agreement).

Existing Citywide and Regional Financing Programs

Development in the FTSSP will participate in a range of existing City and regional infrastructure improvement financing policies and programs. These policies and programs have been integrated, where appropriate, into the financial analysis that underpins this Financing Plan.

- **Solano Transportation Authority (STA).** The STA serves as the conduit for non-local funding of regional transportation improvements listed in the Regional Transportation Improvement Program (RTIP), such as Manuel Campos Parkway and Vanden Road (Jepson Parkway). Funding is provided through various regional, State, and federal sources.
- **Solano County Facilities Financing.** The County, through agreement with the City, levies an impact fee for County facilities including: libraries, public protection, health and social services, general government, sheriff's patrol and investigation, courts, and fee compliance.
- **Fairfield-Suisun Sewer District (FSSD) Fee.** The FSSD fee program funds wastewater (sewer) treatment and limited relief trunk sewer improvements. The FSSD's existing facilities include a treatment facility currently undergoing expansion, as well as a trunk sewer system that consists of 12 pump stations and a 70-mile network of sewers throughout the service area.
- **Travis Unified School District (TUSD) Fee.** The TUSD levies a SB 50 fee which provides funding, along with State grant funding, for the development and expansion of school facilities in the District.
- **City of Fairfield Utility Connection Fees.** The City's connection fees fund water capacity improvements.
- **City of Fairfield AB1600 Fees.** The Citywide Development Impact Fees fund general government, police, fire, urban design, parks, and streets improvements. The Citywide AB1600 Streets Improvement Fee is being updated concurrently with the preparation of the FTSSP Financing Plan. Park and recreation investments are also funded through the Quimby Act requirements (for parkland acquisition) and the parks and recreation bedroom tax.

- **City of Fairfield Northeast Area Fee.** The City previously implemented a Northeast Area Fee to help fund backbone infrastructure to serve the Villages, Goldridge, Madison, and several other developments in Northeast Fairfield. As many transportation and linear parks improvements will serve the Villages at Fairfield, the FTSSP area, and other portions of the Northeast, the City proposes to reorganize the existing Northeast Area Fee (without increasing fees to properties covered by the current Northeast Fee). Under this reorganization, a Northeast Area Fee will apply to all new development in all subareas of the Northeast, including the FTSSP area.

Development Agreements

Canon Station Development Agreement

The Canon Station Development Agreement (CSDA) is a proposed legal agreement between the Developer and the City that vests the entitlement reflected in the Specific Plan and establishes City and Developer responsibilities regarding services and facilities. Several important examples of Developer and City obligations include: (1) the CSDA will commit the parties (Developer and City) to their obligations related to achieving desired municipal service levels; (2) the CSDA obligates the Developer to build infrastructure and facilities and to fund off-site infrastructure; (3) the CSDA will obligate the City and the Developer to cooperate in annexing into or forming new CFDs and a LLMD to fund ongoing services, operations, and maintenance; and, (4) the CSDA will set forth the obligations of the City with respect to the allocation of fees, taxes, assessments and other revenues to be generated and/or paid between the various entities.

Village at Fairfield Development Agreement

The VAFDA, adopted in the 1990s, dictated a number of developer and City responsibilities associated with the Villages at Fairfield Project, including the payment by new development of the Northeast Area Fee. The Villages at Fairfield project is the largest proposed projects in the Northeast Area other than the FTSSP.

Train Station Specific Plan Financing Policies

Section 14.0 of the FTSSP Specific Plan – “Implementation and Administration” – and Section 14.8 (Financial), in particular, provides a detailed set of policies related to financing infrastructure and public facilities and to the provision of urban services. These policies have guided the preparation of this Financing Plan. Selected overview and policy language is excerpted below.

Train Station Specific Plan Financing Overview

The recent recession and resulting loss of local revenue has severely affected the City's ability to provide municipal services, particularly those supported by the General Fund. Revenues are not expected to rebound to pre-recession levels in the foreseeable future. It is the City's goal that each new development project provides sufficient revenue to pay for the cost of the services it demands and not further degrade services to existing residents and businesses. For FTSSP, the Guiding Principles state it is critical that new development in FTSSP pay for the cost of ongoing municipal services and construction of new public improvements. The financial issues associated with FTSSP have three key components.

1. Construction of public improvements and facilities;
2. Financing of public improvements and facilities; and
3. Financing of ongoing municipal services.

While this section provides a general framework for financial issues, a comprehensive Financial Plan shall be adopted concurrently with the Specific Plan, which will be incorporated by reference or adopted as a supplemental section. The Financial Plan will:

1. estimate the financial obligation of new development within FTSSP to pay for cost of Backbone Infrastructure, by estimating the cost to construct Backbone Infrastructure and deducting any existing funding sources for that infrastructure; this obligation will be calculated on a "dwelling unit equivalent" basis; and
2. estimate the financial obligation of new residential development within FTSSP to pay for the cost of municipal services it demands, by estimating the cost of municipal services and deducting estimated residential tax revenue.

Selected Train Station Specific Plan Financing Policies

Policy 14-37: New development within FTSSP is required to construct or fund all Backbone Infrastructure needed to serve the FTSSP area, as identified in FTSSP or FTSSP EIR or which are required as a mitigation measure by the FTSSP EIR.

Policy 14-39: City shall not require new development within FTSSP to construct the following public improvements or facilities:

1. Solano County shall be responsible for the construction of a branch library building;
2. Fairfield-Suisun Sewer District shall be responsible for the construction of the relief sewer trunk line from the vicinity of Peabody/Vanden Road intersection to the vicinity of E. Tabor/Walters Road intersection;
3. Travis Unified School District shall be responsible for the construct any school facilities needed to serve students from FTSSP area; and

4. Public improvements or facilities which were constructed by City or other public agencies in advance of the timing for construction by FTSSP landowners.

Policy 14-40: The City's conditions of approval of a Development Project shall require the applicant to construct all public improvements within its boundary and any off-site improvements in the time, manner and location as required by the Specific Plan and Area PUD Permit.

***Train Station Specific Plan Financing
Public Improvements and Facilities Financing Sources***

The financing for construction of public improvements and facilities required by FTSSP have multiple sources. These sources include but are not limited to the following:

1. existing City development impact fees, including AB 1600 fees and construction license tax;
2. a Contemplated Northeast Fee, which will replace the existing Northeast Fee;
3. a Contemplated AB 1600 Traffic Impact Fee which will amend the existing AB 1600 Traffic Impact Fee
4. a Contemplated AB 1600 Park Impact Fee which will amend the existing AB 1600 Park Impact Fee
5. new Infrastructure Community Facilities District(s) which will finance the construction of infrastructure which is not included in the fee program of an adopted Development Impact Fee;
6. Travis Unified School District Impact Fees (school facilities);
7. Solano County Public Facilities Impact Fee (branch library);
8. State and Federal grants, including those administered by Solano Transportation Authority for Jepson Parkway;
9. Fairfield Suisun Sewer District (sewer relief line); and
10. private financing by landowners within FTSSP.

3. INFRASTRUCTURE AND PUBLIC FACILITY REQUIREMENTS

This chapter describes the backbone infrastructure and public facilities required to support development in the FTSSP area and the associated costs. Cost estimates for the “backbone” infrastructure and public facilities needed by new development in the FTSSP have been assembled by Carlson, Barbie and Gibson, Inc. (CBG) and City staff. These cost estimates, presented in 2011 dollars, include design and engineering, estimated right-of-way land acquisition, construction, and a cost contingency factor.

Backbone Infrastructure/Public Facilities Definition

Facilities located within the boundary of the FTSSP, or that are construction and/or financing requirements for the FTSSP to develop, include the following items:

Backbone Infrastructure	Public Facilities
<ul style="list-style-type: none">• Roadways that serve the overall Northeast Area⁴• Linear parks that serve the overall Northeast Area⁵• Roadways that serve the overall FTSSP• Off-site intersection mitigations necessitated by the FTSSP• Drainage improvements serving multiple property owners• Trunk Sewer	<ul style="list-style-type: none">• Parks• Open space/conservation• General government facilities• Police and Fire facilities• Civic Boulevard, gateways, and other amenities• Library facilities• Schools• Transit facilities

⁴ Although total Northeast Area-wide costs are shown in this Financing Plan, the FTSSP will only be required to contribute its fair share toward these improvements, with other Northeast Area development also contributing a fair share.

⁵ Ibid.

Backbone Infrastructure/Public Facilities Costs

Table 2 summarizes the infrastructure and public facilities improvement categories and costs. The full listing of the infrastructure items and their costs proposed for the FTSSP will continue to be refined as part of subsequent implementation efforts. Key cost highlights include:

- A total required investment in public improvements of about \$370 million (in 2011 dollars).
- About \$250 million in backbone infrastructure investments and \$120 million in public facilities investments.
- About \$217.5 million, the majority of the roadway costs, will serve the full Northeast Area (including new development associated with the FTSSP, the Villages at Fairfield, and other areas in the Northeast).
- The remaining \$152.5 million in infrastructure/public facilities improvements serves and/or is located within the FTSSP area. This includes an additional \$32 million investment in roads/intersection, drainage, and trunk sewer. It also includes significant investments in parks, schools, public facility facilities, and a wide range of other civic buildings, improvements, and amenities.

The sections below describe the improvements associated with the major types of infrastructure and public facilities and the associated costs. Chapter 9 through Chapter 11 of the FTSSP provide more detailed descriptions of improvements required for the project.

Roadways

The proposed FTSSP roadway network includes multiple connections to the key arterial roadways traversing the site, Peabody Road and Manuel Campos Parkway/Vanden Road, and an internal network of two-lane roadways. Another key element of the proposed roadway network is the realignment of Canon Road, and grade separation of New Canon Road and the railroad tracks in order to provide sufficient roadway capacity between the eastern industrial area and the western portion of the FTSSP, as well as external trips from the industrial area to the City, City of Vacaville, and remainder of the region.

The realigned New Canon Road would also be extended in a northwesterly direction to Peabody Road, providing a new connection between Vanden Road and Peabody Road that would serve both internal trips and external destinations such as the City of Vacaville and Travis AFB. This extension would be four lanes for a portion of the roadway nearest Vanden Road, then transition to two lanes for the rest of the roadway west to Peabody Road. McCrory Road would be extended to the southwest from its current terminus at North Gate Road, to intersect New Canon Road, providing access to the industrial development in PA6.

Table 2

NORTHEAST and FTSSP: Preliminary Infrastructure and Public Facilities Improvement Costs at Buildout (2011\$)
Fairfield Train Station Specific Plan; EPS# 20086

Improvement	Estimated Buildout Cost (Rounded)	Source of Estimated Cost
Backbone Infrastructure		
Roadways		
NE Area: Roadways [1]	\$204,914,147	CBG cost estimates, adjusted by City of Fairfield
NE Area: Linear Parks [2]	\$12,584,300	City of Fairfield
FTSSP: Roadways	\$13,484,000	CBG cost estimates
FTSSP: Off-site Intersections	\$5,860,000	CBG cost estimates
Total Roadways	\$236,842,447	
Drainage	\$12,000,000	City/ CBG cost estimates
Trunk Sewer	\$1,000,000	City of Fairfield (portion of total cost)
Subtotal Backbone Infrastructure	\$249,842,447	
Public Facilities		
Parks [3]	\$37,989,500	City of Fairfield
Open Space/Conservation	TBD	NA
General Government Facilities [4]	\$13,560,000	Citywide AB 1600 fee revenue (Gen. Gov't component)
Police Facilities [4]	\$4,650,000	Citywide AB 1600 fee revenue (Police component)
Fire Facilities [5]	\$5,200,000	City of Fairfield/ EPS
Other Public Facilities [6]	\$11,000,000	City of Fairfield
Library Facilities [4]	\$9,680,000	Solano Co. Public Facilities fee revenue (Library component)
Schools [4]	\$38,170,000	Travis Unified School District fee revenue
Subtotal Public Facilities	\$120,249,500	
TOTAL IMPROVEMENTS	\$370,091,947	

[1] The City provided adjustments to improvements and associated costs beyond those improvements identified by CBG in their February 28, 2011 costs estimates.

[2] Based on linear park cost estimates provided by the City of Fairfield dated April 14, 2011.

[3] Based on park development cost estimates provided by the City of Fairfield dated April 13, 2011.

[4] For the purpose of this analysis, the net facility shown costs (after grants, for example, for schools construction have been subtracted) are assumed to equal fee revenue generated by the Project.

[5] The fire facility cost reflects a placeholder cost for one fire station and associated equipment based on a recent analysis for the City of Fresno. The cost of a potential Fire Training Center has been excluded.

[6] Includes preliminary estimates of a number of additional public facilities/ capital improvements including Civic Boulevard, Joseph Gerevas Bridge, neighborhood entries, community gateways, transit station enhancement, among others, and also includes some cost recovery items that will ultimately be charged under a separate government code.

Source: Carlson, Barbee & Gibson, Inc., cost estimates dated February 28, 2011; City of Fairfield; Solano Co. Library District; EPS.

Northeast Area

The FTSSP will be responsible for funding its fair share of the roadways that serve the entire Northeast Area as listed below. CBG and the City provided costs for roadways and linear park improvements that will serve the entire Northeast Area, which total approximately \$204.9 million and \$12.6 million, respectively, at buildout of the FTSSP area.

- Manuel Campos Parkway
- Jepson Parkway (Vanden and Walters)
- Peabody Road

In addition, the FTSSP will be responsible for funding its fair share of linear parks that serve the entire Northeast Area. Linear park improvements include a 10-foot concrete path, lighting, amenities such as landscaping, benches and trash cans, and the Vanden Road pedestrian bridge.

FTSSP

The FTSSP area, as a whole, will be responsible for funding and constructing specific roadways required as part of new development in the FTSSP area, including segments of New Canon Road and the McCrory Road Extension. Improvements required to serve only the future industrial development will be allocated directly to the future developers of that subarea. FTSSP-specific on-site roadway improvements are estimated to cost \$13.5 million.

The cost of mitigation to existing off-site intersections necessitated by the FTSSP is estimated to cost \$5.9 million by CBG at buildout of the FTSSP area and include the following:

- Airbase and Walters
- Airbase and Clay Bank
- Airbase and Dover
- Airbase and Heath
- Clay Bank and Tabor

Drainage

The Specific Plan is located within the Suisun Hydrologic Unit within the San Francisco Bay Hydrologic Region (which falls under the jurisdiction of the San Francisco Bay Regional Water Quality Control Board [RWQCB]) and the Valley Putah-Cache Hydrologic Unit, which falls under the jurisdiction of the Central Valley RWQCB. The Specific Plan has been further delineated into 11 sub-watersheds for storm water planning purposes.

The locations of the Specific Plan sub-watersheds and detention basins at the conceptual level are shown in Figure 11-3 of the Specific Plan. Storm water runoff for the FTSSP area will be directed to McCoy Creek and Union Creek. A series of nine storm water detention basins will be constructed such that the post-development peak flows are 90 percent of the pre-development peak flows for a 100-year storm event, pursuant to City standards. The City will own and operate drainage facilities that serve the FTSSP area.

The City and CBG are finalizing on-site backbone drainage infrastructure improvement cost estimates, expected to sum to about \$12.0 million at buildout of the FTSSP area.

Trunk Sewer

The Specific Plan falls within the FSSD, which provides wastewater trunk sewer collection and treatment services for the City as well as surrounding areas. The FSSD wastewater trunk sewer system is composed of 70 miles of sewer conduits ranging in size from 12 to 48 inches in diameter and a total of 12 pump stations. The FSSD service area is drained by four sewage basins that drain by gravity into four major pump stations.

The FTSSP is located in the Suisun Basin and will be served by the Suisun Pump Station. The Suisun Basin does not currently have the capacity to accommodate planned growth east of Peabody Road, including most of the Specific Plan. For all new annexations in the area, the City requires developers to prepare sewer master plans to indicate how growth will be accommodated.

The Specific Plan area contains one existing 12-inch sewer pipeline located beneath Peabody Road, generally adjacent to the existing uses currently developed within the FTSSP area. There are also minor sewer pipelines and associated minor infrastructure connecting individual properties to this pipeline. Planned improvements associated with new sewer infrastructure would be placed within most of the FTSSP area's major roadways and along the existing railroad easement. A lift station is proposed near the intersection of New Canon Road and Vanden Road.

A new trunk sewer line within Peabody Road, Huntington Drive, and Walters Road connecting to the existing collection system at East Tabor Avenue is anticipated to serve the FTSSP. This trunk sewer line is expected to cost about \$20.0 million. The FSSD will provide the large majority of funding. The City share, associated with the FTSSP development, is estimated at about \$1 million. Other FTSSP sewer costs (as well as water costs) will be borne by individual developers.

Parks

The FTSSP includes a park system that is intended to provide residents and visitors with public spaces while promoting active participation and healthy lifestyles. Parks and recreation will be provided and maintained through a hybrid system combining publicly owned spaces operated and maintained by the City with privately owned spaces maintained by a Homeowners Association (HOA) that may be public access or private only recreation spaces.

The FTSSP proposes a park and recreation program that includes recreation centers as well as pocket parks, neighborhood parks, a Lake Park, and a community Park (Great Park). Paseos are also proposed for the FTSSP area. Selected park amenities are described below.

- **Great Park.** Approximately 50 acres in size, the Great Park is located in PA7 and will include active and passive recreation opportunities for the community, which may include lit sports fields, sport courts, shade structures, picnic areas, activity lawn, skate node, jogging trails, trailhead with interpretive signage, orchard-style landscaping, amphitheater, children's play areas, security lighting, and a concession/restrooms/storage building. The Great Park will be privately developed, open to the general public, owned and operated/maintained by the City, and credited as 50 acres toward the City Community Park requirements for the Specific Plan with 100 percent credit.

- **Linear Park.** The 54-acre public Linear Park is proposed as a major open space linkage and activity spine connecting residential neighborhoods to open space recreation areas. The Linear Park will include active and passive recreational uses, integrated with the storm water drainage system that will include a 10-foot City standard concrete trail coupled with fitness stations, informal seating areas, and security lighting. The Linear Park will be privately developed, open/accessible to the general public, owned and operated/maintained by the City, and credited as 54 acres toward the City Community Park requirements for the Specific Plan with 100 percent credit.
- **Lake Park.** Approximately 22 acres, the Lake Park is a centrally located public amenity in the FTSSP. The Lake Park comprises an 11-acre lake surrounded by approximately 11 acres of pathways. Structures such as pavilions, or public works of art will further enhance the overall character of the park. Other amenities may include: a promenade, parking, lake trail, seating plaza, benches, great meadow, amphitheater, fitness stations, fishing, and pathway connections to future parcels, among others. The Lake Park will be privately developed and open/accessible to the general public and credited as 11 acres toward the City Community Park requirements for the Specific Plan with 100 percent credit provided all areas are open to the public. The Lake Park will be owned and operated/maintained by the City with lake maintenance funded by the LLMD and associated parkland funded by CFD special taxes.
- **Neighborhood Park.** A public Neighborhood Park of five acres is proposed within PA3, south of the Train Station. The Neighborhood Park will be programmed for active field sports, sport courts, picnic areas, play structures, tot lots, trash receptacles, and security lighting.

The City provided park costs, which are estimated to equal \$38.0 million at buildout of the FTSSP area.

General Government Facilities

No on-site General Government facilities are planned for the FTSSP area. For the purpose of this analysis, however, it is assumed that an investment of \$13.6 million in off-site government facilities will be made, equivalent to the revenues associated with the General Government Facilities Citywide AB1600 Fee.

Police Facilities

The Fairfield Police Department (FPD) currently provides police protection services for the City. The City has adopted a police response policy in its General Plan Public Facilities Element (Policy PF 16.1) in which the FPD must maintain an average emergency response time of under 5 minutes and average non-emergency response time of under 20 minutes. It is assumed that any additional FPD facilities required as part of buildout of the FTSSP area will be constructed off site. In this Financing Plan, total improvement costs for off-site FPD facilities are assumed to equal City AB 1600 Fee Program revenue generated by the FTSSP area, which is estimated to equal approximately \$4.7 million at buildout.

Fire Facilities

The Fairfield Fire Department (FFD) provides fire protection and emergency services to the City and has five staffed fire stations located throughout the City. The City has adopted a fire station location policy in its General Plan Public Facilities Element (Policy PF15.1). Although a specific site has not been selected within the FTSSP area, a new fire station will be constructed to replace an existing Station (#39) and comply with Policy PF 15.1. In addition, the FTSSP designates a potential location for the construction of a new Fire Training Center that will provide training for the FFD.

Based on a preliminary estimate by the City of Fairfield, the new fire station and associated vehicles (fire engine and fire truck) and equipment will cost about \$5.2 million at buildout. Cannon Station LLC will be responsible for funding these costs, including a new fire station of a minimum size of 5,000 square feet on a minimum of 1.5 acres.

Library Facilities

Solano County adopted an update to its Library Facilities Master Plan in 2009, in which the County identified immediate library needs and planned for future development. One new library facility is planned for the northeast portion of the City that falls within the boundaries of the FTSSP. Costs of the library are assumed to be covered by the library component of the Solano County Public Facilities Fee (PFF) generated by new FTSSP development, about \$9.7 million at buildout.

Schools

The FTSSP area falls within the TUSD. According to TUSD's 1997 Facilities Plan, there may be a need for up to three additional elementary schools to accommodate development. The City is proposing at least one elementary school site within the Specific Plan. The City will work with the TUSD to determine available capacity to serve the FTSSP area's student projections. Improvement costs (net of State grant funding) for on-site and off-site school facilities are assumed to be covered by TUSD fee revenue generated by the FTSSP area, which is estimated to equal \$38.2 million at buildout.

Subdivision ("In-Tract") Improvements

Subdivision infrastructure, or the group of improvements that include in-tract improvements (e.g., mass grading, sewer, storm drainage, water, roads) in an individual subdivision, commercial, or multifamily project, are excluded from the Financing Plan. These improvements are assumed to be the responsibility of the developer that is moving forward with specific on-site development improvements and are not included in the backbone infrastructure and public facilities cost estimates.

4. FINANCING SOURCES AND STRATEGY

Assuring the timely construction of public improvements in the FTSSP area will draw upon a number of funding sources and financing mechanisms. This chapter describes the key financing mechanisms and their intended use in funding FTSSP improvements. Creating a new community, with major investments required in advance of real estate sales and related financing capacity, will require substantial private investment. As a result, the financing approach for the FTSSP area will require up-front investment of millions of dollars of private equity and/or commercial lending. The proposed public financing mechanisms will provide a source of partial reimbursement for these private investments as financial capacity materializes. Over time as the project matures, substantial financial capacity will evolve that will support the required infrastructure and public facility investments.

This chapter also provides estimates of the potential funding from different sources as well as an illustrative sources-and-uses allocation and comparison table that supported the calibration of financing mechanisms. This chapter ends with the recommended financing strategy and actions designed to support adoption and implementation of the intended funding sources and mechanisms, recognizing the specific challenges facing (re)development in the FTSSP area.

Overview of Financing Mechanisms

Over the course of development of the FTSSP area, it is likely that a range of public financing mechanisms will be utilized to pay for infrastructure and public facilities. These mechanisms will augment and, in some cases, reimburse private capital and financing that is likely to be necessary in early stages of development.

Table 3 briefly describes the major financing mechanisms and the entity responsible for their implementation, oversight, and/or payment. The timing and magnitude of each financing mechanism will depend on a number of factors, such as limits imposed by markets (e.g., market recovery and pace of development absorption, bond market requirements that adequate revenues exist to meet debt service coverage) or by the prevailing issuance costs and interest rates at a future point in time. The ultimate timing of certain revenues (e.g., fees) may direct their use to reimbursement of private infrastructure and facility investments.

Table 3
Overview of Financing Mechanisms
Fairfield Train Station Specific Plan; EPS# 20086

Mechanism	Description	Responsibility
Developer Equity	Developers will fund substantial portion of infrastructure and facilities with private capital and/or commercial lending. Portion of such investment may be subject to reimbursement.	Developers will raise and organize private financing. Development Agreement(s) will specify terms of credits or reimbursement for such investments.
Regional Transportation Funding	Solano Transportation Authority will fund a portion of certain region-serving transportation facilities located in the FTSSP (e.g. Jepson Parkway).	STA is funded with State, federal and regional sources.
Citywide Development Impact Fees	Existing City Development Impact Fees fund City-serving streets, parks, and public facilities. City also participates in the Fairfield Suisun Sewer District which charges a connection fee.	Builders are required to pay fees at building permit issuance. City is responsible for implementing fee program and updating as appropriate.
County and School District Development Impact Fees	Travis Unified School District levies Development Impact Fees for school facilities. Solano County Public Facilities Impact Fee will fund branch library in FTSSP.	Builders are required to pay fees at building permit issuance.
Construction License Tax/ Parks and Recreation Bedroom Tax	50 percent of the Construction License Tax charged on new FTSSP residential and commercial development citywide and 25 percent of the parks & recreation Bedroom Tax charged on new residential development will be used to fund specific improvements within the Northeast Area.	Builders are required to pay fees at building permit issuance.
Local Development Impact Fee	Local Area Development Impact Fee (LADF) can be established by ordinance to fund infrastructure and/or reimburse initial developers for "oversizing" of facilities relative to their proportional share of costs. An Area Fee is proposed for the Northeast Area as a means of proportional cost sharing of Backbone Improvement costs and assuring proportional cost sharing with all benefiting parties.	Builders are required to pay fees at building permit issuance. Developers may construct certain facilities included in the LADF and receive fee credit for such investments. Cost items funded with CFD Bonds would proportionately reduce fee obligations.
Mello-Roos Community Facilities District (CFD)	Allows public agency to levy a special tax to pay debt service on bonds sold to fund construction and/or acquisition of public capital facilities; special taxes may also directly fund facilities and services.	City proposes to form and administer CFDs to fund certain operations and maintenance costs. City also envisions potential CFD adoption to support debt issuance for non-fee funded improvements up to a specified special tax limit.
Other Non-Project Funding	State and Federal grants can help pay for qualifying facilities. SB 50 schools funding is an example of such funding that is expected.	City will all actively pursue grants to fund local infrastructure and facilities.

Application of Funding and Financing Mechanisms

This section provides additional detail on the role of the proposed funding and financing sources. **Table 4** provides an illustrative funding scenario that estimates funding from each source through FTSSP buildout and applies the potential funding to the specific infrastructure and public facility cost categories. The purpose of the illustrative funding scenario is to demonstrate that the recommended mechanisms and sources can provide sufficient financing to cover infrastructure and public facilities costs under the reduced development scenario.

Developer Equity

The FTSSP area developers and builders will be responsible for funding or constructing much of the initial backbone infrastructure and public facilities needed to serve the FTSSP area. Private capital will be a major source of funding for backbone infrastructure improvements because the proposed and potential financing mechanisms, including the Northeast Area Development Impact Fee Program and Mello-Roos CFD bonds, will have limited funding capacity in the early years of development. Reimbursement mechanisms will allow for repayment to the FTSSP area developer for such advanced funding, subject to City fee credit and reimbursement policies. Private financing will also be used to fund subdivision infrastructure costs and specific infrastructure cost items that have intentionally not been allocated to fee programs or other funding sources. Private financing will also fund subdivision/in-tract infrastructure improvements (not included in the backbone infrastructure and public facilities costs).

The precise level of private financing required is uncertain and will depend on phasing, pace of development, and a number of other factors. For the purposes of the costs and funding illustration in **Table 4**, developer equity is shown only for those line items that are not included in other funding sources and therefore will be neither covered by other sources nor partially reimbursed by fee programs in cases of oversizing.

As shown, developer equity will provide about \$14.1 million of funding toward the following investments:

- Selected roadway segments, required to serve new industrial development only, totaling about \$7.4 million.
- The estimated \$1.5 million cost of grading for lake creation.
- The estimated \$5.2 million cost to develop a new fire station and purchase the associated vehicles and equipment.

Regional Transportation Funding

Consistent with existing policy, STA is expected to fund 50 percent of Jepson Parkway (Walters Road, portion of Manuel Campos, and Vanden Road) which is a region-serving transportation facility that serves the Northeast Area. Ultimate STA contributions were estimated by City staff and are expected to provide \$56.5 million in funding toward the \$205 million investment in roadways that serve the whole Northeast Area.

Table 4
Illustrative Cost and Funding Summary through Buildout (2011\$)
Fairfield Train Station Specific Plan; EPS# 20086

Cost Category	Estimated Buildout Cost	Funding Sources									Total
		One-Time Fee/ Tax Project-Based Funding Sources						Other Funding Sources			
		Fairfield AB 1600 Fee Program [1]	Other City Fees/Funding [2]	Proposed New NE Fee Program [3]		Other Agency Fees [4]	Subtotal Fee-Based	Regional, State, & Fed. Funding [5]	Developer Equity [6]	Subtotal Other	
				Roadways	FTSSP Specific						
Backbone Infrastructure											
Roadways											
NE Area: Roadways	\$204,914,147	\$47,452,042	\$12,772,921	\$83,090,504	\$5,130,750	\$0	\$148,446,217	\$56,467,930	\$0	\$56,467,930	\$204,914,147
NE Area: Linear Parks	\$12,584,300	\$3,146,075	\$0	\$9,438,225	\$0	\$0	\$12,584,300	\$0	\$0	\$0	\$12,584,300
FTSSP: Roadways	\$13,484,000	\$0	\$0	\$3,065,000	\$3,065,000	\$0	\$6,130,000	\$0	\$7,354,000	\$7,354,000	\$13,484,000
FTSSP: Off-site Intersections	\$5,860,000	\$5,860,000	\$0	\$0	\$0	\$0	\$5,860,000	\$0	\$0	\$0	\$5,860,000
Total Roadways	\$236,842,447	\$56,458,117	\$12,772,921	\$95,593,729	\$8,195,750	\$0	\$173,020,517	\$56,467,930	\$7,354,000	\$63,821,930	\$236,842,447
Drainage	\$12,000,000	\$0	\$0	\$0	\$12,000,000	\$0	\$12,000,000	\$0	\$0	\$0	\$12,000,000
Trunk Sewer	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000	\$0	\$0	\$0	\$1,000,000
Subtotal Backbone Infrastructure	\$249,842,447	\$56,458,117	\$12,772,921	\$95,593,729	\$21,195,750	\$0	\$186,020,517	\$56,467,930	\$7,354,000	\$63,821,930	\$249,842,447
Public Facilities											
Parks [7]	\$37,989,500	\$33,329,857	\$3,159,643	\$0	\$0	\$0	\$36,489,500	\$0	\$1,500,000	\$1,500,000	\$37,989,500
Open Space/Conservation	TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Government Facilities [8]	\$13,560,000	\$13,560,000	\$0	\$0	\$0	\$0	\$13,560,000	\$0	\$0	\$0	\$13,560,000
Police Facilities [8]	\$4,650,000	\$4,650,000	\$0	\$0	\$0	\$0	\$4,650,000	\$0	\$0	\$0	\$4,650,000
Fire Facilities	\$5,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,200,000	\$5,200,000	\$5,200,000
Other Public Facilities	\$11,000,000	\$0	\$0	\$0	\$11,000,000	\$0	\$11,000,000	\$0	\$0	\$0	\$11,000,000
Library Facilities [8]	\$9,680,000	\$0	\$0	\$0	\$0	\$9,680,000	\$9,680,000	\$0	\$0	\$0	\$9,680,000
Schools [8] [9]	\$38,170,000	\$0	\$0	\$0	\$0	\$38,170,000	\$38,170,000	\$0	\$0	\$0	\$38,170,000
Subtotal Public Facilities	\$120,249,500	\$51,539,857	\$3,159,643	\$0	\$11,000,000	\$47,850,000	\$113,549,500	\$0	\$6,700,000	\$6,700,000	\$120,249,500
TOTAL IMPROVEMENTS	\$370,091,947	\$107,997,974	\$15,932,564	\$95,593,729	\$32,195,750	\$47,850,000	\$299,570,017	\$56,467,930	\$14,054,000	\$70,521,930	\$370,091,947

[1] Assumes doubling of Citywide AB1600 Streets Improvement Fee and 25 percent reduction in Parks Fee; other Citywide AB1600 fees remain unchanged.

[2] Other City Fees/Funding includes: 50% of construction license tax revenue generated by FTSSP to fund roadways in the NE Area; 25% of estimated Bedroom Tax revenue generated by the FTSSP to fund parks improvements.

[3] New Northeast Area Development Impact Fee Program will include two components. The first will be the same for all areas in Northeast Fairfield and will fund area-wide roadways and linear parks. The second component varies by Northeast subarea (FTSSP, Villages at Fairfield etc.) and will be set to fund required public improvements not funded by other sources (this table shows a preliminary estimate of the level of funding required from this second component of the Northeast Area Development Impact Fee for the FTSSP area only). Additional costs may be added to this fee component as costs are further analyses and refined.

[4] Other Agency Funding includes: Solano Co. Public Facilities fee revenue (library component) to fund library facilities; and Travis Unified School District fee revenue to fund school facilities.

[5] Regional, State, & Federal Funding includes: Solano Transportation Authority revenue to fund roadways in the Northeast Area.

[6] Developer equity (equity and commercial lending sources) will be required to fund specific roadway improvements associated with the industrial area, grading for Lake creation, and the new fire station and associated equipment some fire facilities costs.

[7] Park facilities costs funded through a number of sources. Citywide AB1600 parks revenues include equivalent to full allocation of FTSSP-related revenues (about \$25.1 million) as well as AB1600 funding from new development elsewhere in the City (about \$8.2 million). Parkland costs are not included in the parks costs. Land costs will be covered through dedication or through payment of the Quimby Act fee.

[8] For the purpose of this analysis, facility costs are assumed to equal fee revenue generated by the FTSSP development.

[9] It is anticipated that any school facility costs exceeding the fee revenues generated by the FTSSP (shown in table) will be funded through State grants (i.e., State Schools Facilities Program).

Source: Carlson, Barbee & Gibson, Inc., cost estimates dated February 28, 2011; EPS.

Other Agency Development Impact Fees

The FTSSP development will be required to pay County PFFs and TUSD school fees. Given the incremental receipt of fee funding, library and school fee obligations will likely be credited against the costs of developing library and school facilities. FTSSP development is estimated to generate about \$9.7 million in County library fees and \$38.2 million in school fees by buildout under the reduced development scenario (in 2011 dollars). This level of funding is assumed to be sufficient to fund the branch library in the FTSSP area as well as the net costs of school facilities once State grants have been taken into account. In addition, through the County PFFs, FTSSP development will pay fees for other off-site County improvements that are not captured in the FTSSP backbone infrastructure and public facilities estimates.

Citywide AB1600 Development Impact Fees

The Citywide AB1600 Fee Program levies ordinance-based development impact fees to fund streets, park and recreation, and other public (police, fire, general government, urban design) improvements. The Citywide AB1600 fees are adopted under the Mitigation Fee Act and charge new development an amount equal to or less than its fair share of new infrastructure and public facilities improvements. The City is in the process of revising its Citywide AB1600 Streets Improvement Fee, a process expected to result in a doubling of the Streets Fee, dependent on nexus findings. It is also revising its Citywide Parks Fee, a process expected to result in a 25 percent reduction in the Parks Fee.

Consistent with the Citywide Streets Fee update process, a number of Citywide streets improvements will overlap with the Northeast Area and the FTSSP. As a result, the Citywide AB1600 fees are expected to provide an important source of funding for FTSSP-specific improvements and the Northeast Area-wide roadways and linear parks. A significant proportion of these fee revenues will likely act as reimbursement for infrastructure and public facilities improvements funded and “oversized” through developer equity. In addition, Citywide AB1600 fees are expected to fund a significant proportion of FTSSP parks development costs as well as potential FTSSP police and general government facilities improvements.

As illustrated in **Table 4**, potential Citywide AB1600 revenues allocated toward Northeast Area-wide/FTSSP improvements under the reduced development scenario include:

- Assuming the doubling of the Citywide AB1600 Streets Fee, about \$62.1 million in Citywide AB1600 streets fee revenues could be generated by Northeast Area-wide development. Under the illustrative funding scenario, about \$53.3 million of these revenues are allocated towards project-related roadway improvements, including \$47.5 million toward Northeast Area-wide roadways and traffic signals and \$5.9 million in required FTSSP off-site intersection improvements.
- Assuming a 25 percent reduction in the Citywide AB1600 Parks Fee, about \$28.3 million in Citywide Parks fee revenues could be generated by new FTSSP development. The illustrative analysis assumes that about \$3.2 million of these revenues are allocated toward the Northeast Area-serving Linear Park (25 percent of the total linear park cost) and the remaining \$25.1 million are allocated towards FTSSP park development costs. In addition,

about \$8.2 million in Citywide AB1600 Parks fee revenue generated by development outside of the FTSSP is assumed to be allocated towards the costs of City-serving FTSSP parks improvements, such as the Great Park.

- New FTSSP development will generate about \$13.6 million in funding for general government facilities and \$4.7 million in police facilities. For the purposes of this illustrative scenario, these revenues are assumed to fund FTSSP improvements in these categories.

New Northeast Area Development Impact Fee

An Area Development Impact Fee is proposed for the Northeast Area as a means of proportional cost sharing of backbone improvement costs and assuring proportional cost sharing with all benefiting parties in the Northeast Area. The costs of a number of backbone infrastructure and public facility costs will be shared among new development throughout the area, based on rational nexus principles and calculations.

The Northeast Area Development Impact Fee will include two tiers:

- **Roadways/Linear Parks.** The roadways/linear parks component of the fee will fund improvements serving the whole Northeast Area and will apply to all new development in the Northeast Area (except where credits are due). The level of this Northeast Area fee component will be consistent with the current portion of the Northeast Area Fee allocated to roadways and linear parks. As illustrated in **Table 4**, the roadways/linear park portion of the Northeast Area Development Impact Fee Program is expected to generate \$95.6 million by buildout, a significant proportion of the funding required to support Northeast Area-serving roadways/linear parks. The proposed fee levels by land use type range from \$6,700 to \$15,700 per residential unit depending on land use category.⁶ About \$62.3 million of these revenues are expected to be generated by new FTSSP development.
- **Other Improvements.** An additional Northeast Area fee component will fund other improvements serving specific subarea within the Northeast (FTSSP, Villages at Fairfield, and other) and will vary by subarea depending on the improvements needed. For the Villages at Fairfield and other non-TSSP developments in the Northeast, the additional fee is equivalent to the non-roadways/linear parks portion of the existing fee that funds storm drain, sewer, etc. For these areas, this fee component will remain unchanged. For the FTSSP, the additional fee will be calculated based on the FTSSP-specific backbone infrastructure and public facilities costs not funded by other sources. This component of the Northeast Area Development Impact Fee will mimic a “return to source” methodology, with funding generated by new FTSSP development invested in FTSSP improvements.

⁶ This is consistent with the current Northeast Area Fee applicable to the Villages at Fairfield and other Northeast Area development multiplied by 67.48 percent to identify the fee component associated with roadways/linear parks. The fee schedule has been adjusted to apply on a per unit basis differentiated by different residential land use types, though the revenues raised are expected to remain consistent revenues under the current blended per acre and per unit schedule.

The additional funding required from new FTSSP development to fund other FTSSP improvements through the additional fee component of the new Northeast Area Development Fee has been preliminarily estimated at about \$32.2 million.⁷ This includes \$8.2 million in unfunded roadway improvements, about \$12.0 million in storm drainage improvements, \$1.0 million in trunk sewer improvements, and about \$11.0 million for other public facilities.⁸ The fee levels required to support this preliminary estimate of funding need are preliminarily estimated to range from \$3,700 to \$7,100 per residential unit depending on the land use category.^{9, 10}

The new Northeast Area Development Impact Fee Program will, as a whole, provide a flexible framework for infrastructure financing that must be updated periodically to assure that anticipated cost increases for items in the Northeast Area are properly reflected. The update process also needs to reflect changes in the land use program as development proceeds in the FTSSP area. The update process should include an annual indexing to reflect cost inflation and thorough review of the entire program every three or four years.

Municipal Bond Financing

Developers may request that the City will issue municipal bonds over time. The City will support the issuance of Mello-Roos CFD bonds (bonds repaid by special taxes paid by property owners) as financing capacity develops. The allowed use of CFD bond funding will be limited to financing improvements outside of the fee programs and the associated special taxes must fall within the City's 1.5 percent tax maximum (this 1.5 percent tax limit includes existing property taxes and assessments and the required services CFDs but does not include the proposed LLMD assessments or HOA dues).

Debt capacity at any given time is a function of the amount and value of development. Thus in the early years debt capacity will be limited, but over time, as the FTSSP area develops, proportionally more capacity will be created. This Financing Plan estimates total maximum special tax revenue generated through a CFD and corresponding bonding capacity for the FTSSP area based on the 1.5 percent City limit. Preliminary estimates of the maximum infrastructure special tax rate in the FTSSP range from \$1,135 per single-family low-density residential unit to

⁷ The specific set of improvements and associated costs to be funded by the FTSSP-specific component of the Northeast Area fee will be refined over time. This will include considerations of the appropriate distribution of costs between fee and individual project responsibility as well as the need for differential zones of benefit.

⁸ All numbers to be confirmed/refined by CBG/City. The \$11.0 million estimate for additional public facilities, includes improvements such as the Civic Boulevard, community gateway and neighborhood entries etc.

⁹ Fee allocations by land use category were based primarily on dwelling unit equivalent (DUE) factors obtained from the existing City AB1600 fee programs. All costs were preliminarily allocated to residential and/or commercial development, as appropriate.

¹⁰ This is approximately consistent with the additional fee component under the existing Northeast Area Fee.

\$622 per multifamily high-density unit (these special tax rates would bring the tax levels to the City limit of 1.5 percent, excluding LLMD assessments and HOA dues). Based on these special tax rates, the FTSSP area may be able to support Mello-Roos bond proceeds of \$49.0 million through buildout (see **Appendix A** for preliminary infrastructure CFD calculations).

Non-Project Funding

Non-project sources include the funding available from various State and federal agencies. The major non-project funding source assumed in the financing strategy is State of California SB 50 funding for building the planned K through 12 schools in the FTSSP area. This State funding may provide up to 50 percent of the cost of building new schools. In addition to the TUSD development impact fee revenue generated by the FTSSP area discussed above, the elementary school will be funded through State grants (i.e., State Schools Facilities Program), both for land and for school construction.

Financing Strategy and Actions

The recommended financing strategy comprises the following actions:

1. Create an Institutional Framework for FTSSP Infrastructure Financing

1.1 Continue refining FTSSP infrastructure and public facility improvement program.

Continue to analyze all infrastructure improvements that have been identified for the FTSSP to assure completeness and accuracy and to assist assignment of funding responsibility and linkages to financing mechanisms. Also continue to evaluate specific infrastructure items in relation to likely development patterns and establish a schedule for constructing the improvements in coordination with development activity. Begin engineering design and initiate construction of the high-priority improvements where funding is available.

1.2 Annex developing territory within the FTSSP into the City.

Portions of the FTSSP are not currently within the City Limit. The City, in cooperation with FTSSP landowners, should initiate annexation proceedings with the Solano Local Agency Formation Commission. This annexation will also require negotiation of a property tax exchange agreement with Solano County.

1.3 Adopt Northeast Area Development Impact Fee.

The City should prepare the necessary technical documentation (Nexus Report), building upon the data and information contained in this Financing Plan, along with an implementing ordinance and fee resolution. The Northeast Area Fee will have a number of special features including subareas where different fees may apply as well as credit and reimbursement provisions.

1.4 Update Citywide AB1600 Streets and Parks Development Impact Fees and Allocate fees and other funding.

The City should prepare the necessary technical documentation (revised Nexus Report) along with new updating fee resolution. Commitments from others Citywide or regional funding sources to the FTSSP should be further clarified and imbedded in policy documents, agreements, and fee resolutions, as may be appropriate.

1.5 Establish Land-Secured Financing Districts for maintenance and operations.

As articulated in the FTSSP Policies 14-7 through 14-21, the City has required that the FTSSP area annex into existing new City CFDs and LLMD (or establish new CFDs and a LLMD) to defray costs of City operations and maintenance activities. The existing City CFDs and LLMD include:

- CFD 2004, which charges special taxes to new residential development to fund open space acquisition and maintenance costs.
- CFD 2006-1, which charges special taxes to new residential development to fund public safety and park maintenance costs.
- An LLMD (or multiple LLMDs) which charges a benefit assessment on residential development to fund a range of landscaping, parks, and lighting costs.¹¹

1.6 Establish Land-Secured Financing Districts for infrastructure and public facilities.

This Financing Plan expects that funding capacity will be available for a CFD to issue bonds to fund non-fee funded portions of infrastructure and public facilities costs within the City's limits on special tax levels. The proposed CFD would be formed for the entire FTSSP area, and individual subdivisions would "opt in" as a condition of Subdivision Map approval.

2. Target Public Land Acquisitions During Early Years of Development

2.1 Secure right-of-way and public facility (e.g., parks) sites.

Such acquisitions should occur on an opportunistic basis as they become available using available or advanced funding sources and or agreements.

1.2 Identify all public land requirements for inclusion in Subdivision Maps.

Assure that all public land acquisitions necessary to support development and conform to FTSSP policy are identified in Tentative Subdivision Maps, with conveyance or irrevocable offers of dedication occurring not later than approval of the Final Subdivision Map.

¹¹ The City also intends to allow all or a portion of these costs to be covered through Homeowners Association (HOA) dues to allow greater flexibility for land-secured infrastructure financing.

3. Encourage Private Equity Investment

3.1 Provide flexibility.

Incorporate provisions that provide flexibility and options in the infrastructure financing framework that respond to economic conditions as they evolve.

3.2 Ensure oversizing of infrastructure.

Obligate developers to fund (oversize) infrastructure, improvements not otherwise funded with available public sources during the early phases of development when capacity of public financing sources will be limited.

3.3 Provide for credits and reimbursements.

Advanced private funding of infrastructure and public facilities should be secured through the adopted financing mechanisms, including the Northeast Area Development Impact Fee, and special credit and reimbursement agreements as may be necessary.

3.4 Develop an incentive program for assembly and redevelopment of existing developed/underdeveloped properties.

Much of the FTSSP is occupied with an array of smaller parcels and commercial and industrial development. Redeveloping such properties to the land uses envisioned in the FTSSP will require considerable effort and investment. The City should create the necessary development and financial incentives to encourage such redevelopment.

4. Secure Non-Project Funding Sources

4.1 Secure grant funding.

In collaboration with the School District and FTSSP developers, seek State funding (i.e., State School Facilities Program) for the new school costs for the FTSSP area. Other State and federal grant funding should also be actively pursued by the City.

4.2 Secure regional transportation funding.

Assure that regional transportation funding for FTSSP area improvements is allocated and subsequently appropriated.

5. Issue Land-Secured Bonds as Financial Capacity Emerges

5.1 Develop pro forma schedule for debt issuance and direct bond funding.

Ensure debt issuances and the associated direction of bond funding are consistent with the City's tax limit and the limits of the use of such bond funding.

5. FEASIBILITY CONSIDERATIONS

This chapter describes the financial feasibility implications of the proposed Financing Plan and associated cost burdens. Ultimately, the overall cost burden of infrastructure and public facilities imposed in the FTSSP area, along with other mitigations that add costs to construction or ownership of property, must fall within reasonable industry norms for FTSSP implementation to occur. If this is not the case, the desired private investment in the development or the timely development of the project will be impeded. This chapter considers—through the aggregate cost burden approach—the financial feasibility of FTSSP development under current market conditions and considers market improvements as well as specific strategies that could help to hold the cost burden within reasonable ranges.

Aggregate Cost Burden Analysis

A general indicator of burden is the total cost of infrastructure and public facilities relative to the total development value created. Aggregate cost burden includes the total cost of backbone infrastructure and public facility improvements borne by the project as a percentage of the retail sales value of the project (i.e., sales [or capitalized] value of the building). The total infrastructure cost burden consists of all backbone infrastructure and public facility costs funded in one manner or another by the developer(s) including all applicable development impact fees (e.g., local development impact fees, school mitigation fees, and regional agency fees) plus any non-overlapping bond debt services by special taxes and assessments.

If the aggregate cost burden is no greater than 15 percent of total value, the project should have sufficient value to support the infrastructure and public facility costs; however, as the ratio exceeds 15 percent, private returns and the ability to finance the project may become more difficult. If costs exceed 20 percent, then land values may be reduced to a point where they may not provide adequate security for development investments, profitability is constrained, and investment risks correspondingly increased. Ultimately, the developer will decide the acceptable level of investment, risk, and return given the costs structure and potential economic returns; however, these indicators of burden generally correspond with accepted measures of risk and return.

Table 5 shows the aggregate cost burden analysis for the four primary residential use types under current market conditions/development values. Average infrastructure burdens per unit range from \$53,000 to \$81,000 per unit with estimated, current development values ranging from \$225,000 for high-density residential to \$390,000 for low-density residential. The resulting cost burden percentage ranges from 19.8 percent (marginally feasible) to 23.7 percent (likely unfeasible). One additional sensitivity set of infrastructure burden calculations is presented that estimates the cost burdens if the real estate market showed a 5 percent increase in development values in all product types (over and above any changes in infrastructure costs). As shown,

the residential low-, low/medium-, and medium-density land uses all edge into the marginally feasible range, while the residential high remains above the typical feasibility range.¹²

Implications and Strategies

Under current market conditions, the FTSSP is unlikely to be fully developed. As in many other locations, the weakness and uncertainty in the current economy, the continuing availability of low-price foreclosures, and highly conservative lending practices are holding achievable sales prices to low levels. The FTSSP represents a major new community on the edge of the City and, as such, requires significant investments in infrastructure and is envisioned to include a broad set of community amenities. This combination results in high current cost burdens. As the economy and the real estate market improve, achievable development values are expected to increase, improving development feasibility within the FTSSP. The specific timing of any market improvements and their extent will ultimately determine the timing and pace of development in the FTSSP area.

There are several strategies/approaches that could be considered to improve financial feasibility as the economy and real estate market improves, including:

- **Private Development Cross-Subsidy.** Most master-planned communities feature a variety of residential and commercial land uses; in some cases, a high infrastructure burden on one land use category (e.g., commercial) can be subsidized by another use category with a lower burden.
- **Re-Phasing of Infrastructure Items.** Considering a delay in the timing of major infrastructure items until sufficient financial capacity emerges can reduce temporal excessive burdens (e.g., during Phase 1).
- **Private Developer Infrastructure Construction Efficiencies.** The infrastructure and public facility cost estimates reflect estimates of the costs for a public sector entity to construct improvements in 2011. In reality, the private sector may directly develop many of these improvements which may result in construction efficiencies and cost reductions.
- **Prioritization of Public Policy Objectives.** In recent decades a range of new cost items have added to the burden upon new development (e.g., habitat mitigation, affordable housing requirements) in addition to the infrastructure and public facilities needed to achieve desired levels of service. In considering financial feasibility of development, it may be necessary to review these mitigation requirements and levels of service standards comprehensively and align aggregate burdens with reasonable feasibility limitations.
- **Infrastructure CFDs.** The issuance of infrastructure bonds supported by annual special taxes on new residential development can, in some cases, improve financial feasibility. The FTSSP is expected to offer financial capacity for such issuances for non-fee funded improvements within the 1.5 percent tax limit.

¹² It should be noted that development is also permitted under the maximum buildout scenario in a residential very high density category for which a number of fee levels will be significantly lower.

Table 5
Infrastructure Cost Burden Analysis: Residential Development (2011\$)
Fairfield Train Station Specific Plan; EPS# 20086

Item	Residential			
	Single-Family			Multifamily [10]
	RL	RLM	RM	RH
INFRASTRUCTURE BURDEN				
Citywide Fees	<i>Per Residential Unit</i>			
Park & Recreation (Bedroom Tax)	\$3,053	\$3,053	\$2,555	\$1,559
Water Connection	\$5,391	\$5,391	\$5,391	\$4,110
Water Meter & Box [1]	\$451	\$451	\$451	\$451
Construction License Tax	\$3,405	\$3,405	\$3,405	\$2,450
Quimby Act Fees [2]	\$4,480	\$4,480	\$3,570	\$2,660
AB 1600 Fees [3]				
Traffic [4]	\$6,306	\$5,960	\$4,982	\$4,352
Urban Design	\$243	\$243	\$121	\$122
Park and Recreation Facilities [4]	\$6,905	\$5,525	\$5,524	\$4,392
<u>Public Facilities</u>				
General Government	\$2,065	\$2,065	\$2,065	\$1,806
Police	\$1,252	\$827	\$626	\$380
Fire	\$526	\$526	\$527	\$526
Subtotal Public Facilities	\$3,843	\$3,418	\$3,218	\$2,713
Subtotal AB 1600 Fees	\$17,298	\$15,146	\$13,845	\$11,579
Total Citywide Fees	\$34,078	\$31,926	\$29,217	\$22,810
County/Special District Fees				
Fairfield-Suisun Sewer District Sewer Capacity Fee	\$5,943	\$5,943	\$5,943	\$3,685
Travis Unified School District Facilities Fee	\$10,802	\$8,838	\$5,892	\$5,401
<u>Solano County Public Facilities Fee</u>				
Library	\$1,810	\$1,810	\$1,713	\$1,713
Other [5]	\$7,340	\$7,340	\$6,943	\$6,943
Subtotal County Public Facilities Fee	\$9,150	\$9,150	\$8,656	\$8,656
Total Other/Special District Fees	\$25,895	\$23,931	\$20,491	\$17,742
Proposed New Northeast Impact Fee Program				
Northeast Fee Program: Roadways/ Linear Parks [6]	\$13,464	\$13,464	\$10,414	\$9,097
Northeast Fee Program: Other FTSSP Component [7]	\$7,108	\$6,966	\$5,148	\$3,678
Total Proposed New Fee Program	\$20,572	\$20,430	\$15,561	\$12,775
TOTAL INFRASTRUCTURE BURDEN	\$80,545	\$76,287	\$65,269	\$53,326
Finished Unit Selling Price [8]	\$390,000	\$370,000	\$330,000	\$225,000
Total Infrastructure Burden as a Percentage of Estimated Current Sales Price or Value	Total Feasible Range = 15-20%			
	20.7%	20.6%	19.8%	23.7%
Total Infrastructure Burden under Improved Market Conditions (5 percent value over cost appreciation) [9]	19.7%	19.6%	18.8%	22.6%

[1] Residential assumes one 1-inch water meter box and box per unit.

[2] Some landowners will dedicate land rather than paying the Quimby Act fees.

[3] Residential rates based on approximations of home size ranges.

[4] AB 1600 Streets fees reflect a doubling of the current fee effective October 13, 2010. AB 1600 Parks fee reflects 25 percent reduction in the current fee effective October 13, 2010.

[5] Includes public protection, health & social services, general govt, sheriff's patrol & investigation, courts, and fee compliance.

[6] Provides funding for roadways/linear park that serve whole of Northeast Area.

[7] Additional funding requirement from FTSSP development for unfunded improvements.

[8] Current development values based on EPS research, Gregory Group information, and input from City staff.

[9] Shows reduced cost burden percentages if real estate development values increased 5 percent over and above any cost increases.

[10] The FTSSP also allows for a residential very high designation (RVH) for which the per unit fee burden will be significantly less.

Source: City of Fairfield and County of Solano; Travis Unified School District; the Gregory Group; EPS.



APPENDIX A:

Infrastructure CFD Calculations

Table A-1
Potential Infrastructure CFD (2011\$)
Fairfield Train Station Specific Plan; EPS# 20086

Item	Single-Family			Multifamily	Total All Units
	RL	RLM	RM	RH	
ASSUMPTIONS					
Unit Sq. Ft.	2,650	2,250	1,650	1,100	
Number of Units	64	1,290	1,932	2,289	5,575
<hr/>					
Estimated Average Sales Price [1]	\$390,000	\$370,000	\$330,000	\$225,000	
<hr/>					
<u>Ad Valorem Taxes</u>					
General Property Tax	\$3,830	\$3,630	\$3,230	\$2,180	\$16,158,200
State Water Project Benefit Zone #1	\$77	\$73	\$65	\$44	\$323,164
Solano Community College GO Bond Series 2005	\$63	\$59	\$53	\$36	\$264,300
Solano Community College GO Bond Series 2006b	<u>\$12</u>	<u>\$11</u>	<u>\$10</u>	<u>\$7</u>	<u>\$49,961</u>
Total Ad Valorem Taxes	\$3,981	\$3,773	\$3,357	\$2,266	\$16,795,625
 <u>Additional Special Taxes/Assessments [2]</u>					
CFD 2004 (Open Space)	\$133	\$133	\$93	\$79	\$539,683
CFD 2006-1 (Park Maintenance and Public Safety)	<u>\$602</u>	<u>\$602</u>	<u>\$505</u>	<u>\$408</u>	<u>\$2,724,146</u>
Total Special Taxes/Assessments	\$734	\$734	\$598	\$487	\$3,263,830
 <u>City Tax Limit (1.5 percent)</u>					
Maximum Annual Taxes and Assessments	\$5,850	\$5,550	\$4,950	\$3,375	\$24,822,675
 <u>Remaining Tax Capacity for Infrastructure CFD [3]</u>					
Maximum Infrastructure CFD [3]	\$1,135	\$1,043	\$995	\$622	\$4,763,221

[1] Values included in EPS's March 2011 Fiscal Impact Analysis (derived from current market data and City input). Includes homeowners property tax exemption of \$7,000.

[2] The City anticipates development in the Project will annex into the City's existing CFD 2004 and CFD 2006-1. CFD annual special taxes shown are current levels. The CFD 2006-1 special tax for RM is an average of the single family detached and other rates.

[3] The issuance of Mello-Roos CFD bonds (repaid by special taxes levied on development in the Project) may be used to acquire facilities or reimburse privately-funded infrastructure required for the Project. City has set cap of 1.5 percent for ad valorem taxes and CFDs.

[4] Total estimated annual taxes and assessments exclude a proposed lighting and landscaping district (LLD) and homeowner's association (HOA) which may be used to fund the following ongoing operations and maintenance services: street landscaping and lighting; open space; linear park; lake portion of Lake Park.

Table A-2
Summary of Maximum Annual Special Tax Revenue for Infrastructure CFD (2011\$)
Fairfield Train Station Specific Plan; EPS# 20086

Taxable Land Use Category [1]	Preliminary Tax Rate [2]	Buildout [3]	
		Units/ Acres	Preliminary Max. Annual Special Tax
Residential Development			
Single-Family Residential	<i>Per Unit</i>	<i>Units</i>	
Single-Family Low Density (RL)	\$1,135	64	\$72,617
Single-Family Low-Medium Density (RLM)	\$1,043	1,290	\$1,344,864
Single-Family Medium Density (RM)	\$995	1,932	\$1,921,750
Multifamily Residential			
Multifamily High Density (RH)	\$622	2,289	\$1,423,990
Total Residential Development		5,575	\$4,763,221

[1] Schools, Parks, Open Space, and Public/Quasi-Public Facilities are not considered taxable and therefore are not included.

[2] See Table A-1.

Table A-3
Estimated Bond Sizing (2011\$)
Fairfield Train Station Specific Plan; EPS# 20086

Item	Assumptions	Buildout (Residential Dev. Only)
Maximum Special Taxes Available for Debt Service		
Estimated Annual Maximum Special Taxes		\$4,763,221
Less Estimated Administration Costs	4%	(\$191,000)
Less Delinquency Coverage	10%	(\$476,000)
Adjustment for Rounding		\$3,779
Estimated Gross Debt Service (Rounded)		\$4,100,000
Bond Proceeds and Bond Size		
Total Bond Size		\$52,181,000
Adjustment for Rounding		\$19,000
Total Bond Size (Rounded)		\$52,200,000
Increase for Annual Escalation [1]		\$10,440,000
Total Bond Size (Rounded)		\$62,640,000
Estimated Bond Proceeds		
Rounded Bond Size		\$62,640,000
Less Capitalized Interest	18 months	(\$6,342,000)
Less Bond Reserve Fund	1 yr debt service	(\$4,100,000)
Less Issuance Cost	5%	(\$3,132,000)
Estimated Bond Proceeds		\$49,066,000
Assumptions [2]		
Interest Rate	6.75%	
Term	30 years (bonds could be for 25 or 30 yrs)	
Annual Escalation	2.00%	

[1] Assumes special taxes are escalated 2.0% annually for 30 years, which increases total Bond Size by approximately 20 percent.

[2] Estimated bond sizing based on conservative assumptions. The interest rate will be determined at the time of bond sale; the bond term could 25 to 30 years or more. This analysis assumes 30 years.